

OVERSIGHT BOARD
SUCCESSOR AGENCY
TO THE WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION
PUBLIC COMMENT SESSION

JANUARY 7, 2013

SUBJECT: CONVENE A PUBLIC COMMENT SESSION REGARDING
THE NON-HOUSING FUNDS DUE DILIGENCE REVIEW

INITIATED BY: SUCCESSOR AGENCY
(David Wilson, Interim Director of Finance) *DW*
(John Leonard, Project Development Administrator) *JL*
(Beth Rosen, Information Technology Management Analyst)

STATEMENT ON THE SUBJECT:

The Oversight Board will convene a public comment session and consider all pertinent testimony regarding the Non-Housing Funds Due Diligence Review ("Non-Housing DDR"). Following the public comment session the Oversight Board will review and discuss the Non-Housing DDR as necessary, however, no action shall be taken regarding the Non-Housing DDR at the meeting.

RECOMMENDATIONS:

- 1) Convene a public comment session regarding the Non-Housing DDR, pursuant to Health and Safety Code ("H&SC") Section 34179.6(b).
- 2) Review and discuss the Non-Housing DDR as necessary.

BACKGROUND ANALYSIS:

On June 27, 2012, a clean-up bill to the redevelopment dissolution legislation (AB x1 26) was enacted by the State Legislature ("AB 1484"). AB 1484 established several new requirements for successor agencies, including the completion of a Non-Housing DDR, to determine the unobligated balances available in the Successor Agency's Non-Housing Funds ("Non-Housing Funds") for transfer to taxing entities.

To complete the Non-Housing DDR, the Successor Agency was required to contract with a certified public accountant, approved by the County Auditor-Controller ("Auditor-Controller"). The Successor Agency's request to contract with Lance, Soll, and Lunghard to complete the Non-Housing DDR was approved by the Auditor-Controller on July 27, 2012.

AGENDA ITEM VI.5.

The Non-Housing DDR is required to include:

- 1) The dollar value of assets transferred from the former redevelopment agency to the Successor Agency on or about February 1, 2012;
- 2) The dollar value of all assets and cash transferred from the former redevelopment agency or Successor Agency to the City between January 1, 2011 and June 30, 2012;
- 3) The dollar value of any cash transferred from the former redevelopment agency or Successor Agency to any other public agency or private party between January 1, 2011 and June 30, 2012;
- 4) A comparison of the audit against the report filed to the State Controller for the 2009-10 fiscal year;
- 5) A statement of the total value of the Non-Housing Funds;
- 6) An itemized statement listing any amounts that are legally restricted and cannot be distributed to the taxing entities (including any funds restricted by enforceable obligations); and
- 7) An itemized statement of any assets in the Non-Housing Funds that are not cash or cash equivalents.

Deductions may be made from the amount to be distributed to taxing entities for (1) assets obligated for a legally restricted purpose, such as grants or bonds; (2) non-cash assets, such as property or equipment; (3) assets restricted or obligated to fund an enforceable obligation; and (4) assets required to pay the Successor Agency's current year Recognized Obligation Payment Schedule ("ROPS") obligations.

The Successor Agency was required to submit the Non-Housing DDR to the Oversight Board, Auditor-Controller, State Controller, and the State Department of Finance ("DOF") by December 15, 2012; the document was submitted to these parties on December 13, 2012. Additionally, on December 17, 2012, the City Council, acting on behalf of the Successor Agency, approved the Non-Housing DDR. The Non-Housing DDR must be approved by the Oversight Board no later than January 15, 2013. An Oversight Board meeting is scheduled for January 14, 2013, to consider approval of the Non-Housing DDR.

Pursuant to H&SC Section 34179.6(b) upon receipt of the Non-Housing DDR the Oversight Board shall convene a public comment session at least five business days before the Oversight Board holds the approval vote for the Non-Housing

DDR. The purpose of this agenda item is to satisfy this requirement, by convening a public comment session at least five business days prior to the approval vote which is scheduled for January 14, 2013.

DOF will have until April 1, 2013, to review the Non-Housing DDR and provide its determination to the Successor Agency. Within five business days after DOF's determination the Successor Agency must transmit any unobligated Non-Housing Funds to the Auditor-Controller. If the Successor Agency does not agree with DOF's determination it can submit a request to meet and confer. As outlined in AB 1484, the meet and confer process would take no longer than thirty days. During this period the requirement to transmit the unobligated Non-Housing Funds to the Auditor-Controller would be suspended until after the meet and confer process is completed.

As detailed in the Non-Housing DDR, total Non-Housing assets as of June 30, 2012, were \$35,007,537. Deductions were made from these assets for bond reserves, non-cash assets, funds legally restricted for the funding of enforceable obligations, and payments made on July 12, 2012 to the Auditor-Controller. These deductions total \$33,763,540, resulting in a net Non-Housing balance of \$1,243,997. This amount will be transmitted to Auditor-Controller, within five business days, upon approval of the Non-Housing DDR by DOF.

FISCAL IMPACT:

The Non-Housing DDR identifies \$1,243,997 in unencumbered funds that are available for distribution to taxing entities. All outstanding recognized obligations, related to non-housing items, will be funded with bond proceeds and tax increment from the Redevelopment Property Tax Trust Fund.

ATTACHMENTS:

Attachment 1: Due Diligence Review of the Other Redevelopment Agency Funds Pursuant to Sections 34179.5(c)(1) through 34179.5(c)(6) of Assembly Bill No. 1484 of 2012